

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAM-01 EB-07 COME-00 TRSE-00 FEAE-00 ERDA-05

ACDA-05 NRC-05 INT-05 ERDE-00 /085 W
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P R 211347Z MAR 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 2877

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ECON, PINT, HU

SUBJ: PM FOCK ATTACKS "PORTFOLIO CHAUVINISM"

1. SUMMARY: IN ONE OF MOST INTERESTING SPEECHES MADE SO FAR AT HUNGARIAN PARTY CONGRESS PRIME MINISTER FOCK, IN HIS CHARACTERISTICALLY OUTSPOKEN STYLE, STRONGLY CRITICIZED "PORTFOLIO CHAUVINISM" WHICH HE IMPLIED HAS BEEN CHARACTERISTIC OF MANY MEMBERS OF COUNCIL OF MINISTERS. FOCK CHARGED THAT "WHILE EVERY MEMBER OF GOVERNMENT DOES HIS JOB WELL, COUCIL OF MINISTERS AS A RULING BODY DOES NOT ALWAYS MEET HIGH STANDARDS ITS MISSION REQUIRES." FOCK ADMITTED THAT HIS REMARKS ABOUT SHORTCOMINGS OF GOVERNMENT LEADERSHIP IN IMPLEMENTING ECONOMIC POLICY APPLIED TO HIM AS WELL, BUT HE DENIED THAT HE PERSONALLY WAS PORTFOLIO-LIMITED OFFICIAL USE

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MINDED, THUS IMPLYING THAT HIS SUBORDINATES HAVE PREVENTED

HIM FROM CARRYING OUT AN EFFECTIVE NATIONALLY-ORIENTED ECONOMIC POLICY. MOST INTERESTINGLY, THIS PORTION OF FOCK'S SPEECH DELETED IN HUNGARIAN VERSION REPRODUCED IN PARTY DAILY NEPSZABADSAG MARCH 19. END SUMMARY

2. PRIME MINISTER FOCK'S SPEECH AT PARTY CONGRESS GIVES UNUSUAL LOOK AT PRACTICAL DIFFICULTIES FACED BY GOVERNMENT IN EXECUTION OF ECONOMIC POLICY. ALTHOUGH DECLARING THAT ECONOMIC RESULTS HAVE GENERALLY BEEN FAVORABLE AND THAT PROGRESS WHICH "SHOULD NOT BE UNDERESTIMATED" HAD BEEN MADE REGARDING ELIMINATION OF SHORTCOMINGS AND TENSION IN ECONOMY, FOCK ADDED CURIOUSLY ENOUGH THAT, "AS FAR AS GENERAL OUTLOOK IS CONCERNED, IMPROVEMENT MADE HAS TURNED OUT TO BE ONLY TEMPORARY."

3. AMONG DIFFICULTIES CITED BY PM ARE TENDENCIES OF FACTORIES TO PILE UP EXCESS INVENTORIES AS SOON AS PRICE CHANGES ARE RUMORED. THIS PHENOMENA AND OTHERS LIKE IT COULD, ACCORDING TO FOCK, BE AVOIDED "IF MINISTERIAL LEADERS WERE TO THINK IN TERMS OF OVERALL GOVERNMENT REQUIREMENTS AND TO PROVIDE GUIDANCE AND EXERCISE CONTROL OF ENTERPRISES UNDER THEIR AUTHORITY."

4. IN CONTINUING CRITICISM OF CERTAIN UNNAMED GOVERNMENT LEADERS -- IN HIS SECTION OF SPEECH OMITTED BY PARTY DAILY NEPSZABADSAG -- FOCK ASSERTS THAT THERE ARE TWO FUNDAMENTAL ERRORS IN THE GOVERNMENT'S ACTIVITY. THE FIRST IS A CERTAIN PORTFOLIO CHAUVINISM WHICH TENDS TO LEAD TO UNJUSTIFIABLE COMPROMISES ON VERY IMPORTANT ISSUES. SECOND IS THAT, ALTHOUGH EVERY MEMBER OF THE GOVERNMENT DOES HIS JOB WELL, COUNCIL OF MINISTERS AS A RULING BODY DOES NOT ALWAYS REACH HIGH STANDARD ITS MISSION REQUIRES. WHILE COUNCIL OF MINISTERS DECISIONS ARE RIGHT AND PROPER, THEIR IMPLEMENTATION SUFFERS DELAY. PRINCIPAL REASON FOR THIS IS THAT RANKING GOVERNMENT MEMBERS HAVE NOT EXERCISED SUFFICIENT CONTROL OVER THEIR RESPECTIVE AREAS OF RESPONSIBILITY. FOCK PARTIALLY SHOULDER BLAME FOR SOME OF THESE DEFICIENCIES ADMITTING THAT AS MEMBER OF GOVERNMENT SHORTCOMINGS IN GOVERNMENT'S WORK APPLY TO HIM IN SAME WAY AS THEY APPLY TO OTHER TOP GOVERNMENT OFFICIALS, BUT ALSO ARGUES THAT HIS OUT-LIMITED OFFICIAL USE

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LOOK HAS NOT BEEN PORTFOLIO ORIENTED. NEVERTHELESS, HE CONFESSES THAT "THIS DOES NOT LESSEN MY RESPONSIBILITY IN THAT DURING EIGHT YEARS OF MY PREMIERSHIP WE HAVE NOT BEEN ABLE TO MAKE SUBSTANTIAL PROGRESS IN GETTING EVERYONE IMBUED WITH A SENSE OF RESPONSIBILITY FOR OVERALL INTERESTS OF PEOPLE'S ECONOMY." (THIS ENDS SECTION OF FOCK'S SPEECH DELETED IN HUNGARIAN PRESS.)

5. REMAINDER OF FOCK'S SPEECH RATHER ROUTINE RECITATION OF PROBLEMS WHICH GOVERNMENT HAS FACED DURING THE LAST SEVERAL YEARS AND MEASURES WHICH HAVE BEEN TAKEN TO RESOLVE THEM, INCLUDING ESTABLISHMENT OF STATE PLANNING COMMITTEE TO ASSIST IN EXECUTION OF GOVERNMENT ECONOMIC POLICY, RISE IN LEVELS OF TRAINING, INCREASE IN WAGES OF WORKERS, AND A JUMP IN NUMBER OF SOCIAL SERVICES. FOCK ALSO POINTS TO CONTINUED HIGH RATES OF ECONOMIC GROWTH AND RISE IN INDUSTRIAL PRODUCTION AND CENTRAL DEVELOPMENT AND RECONSTRUCTION PROGRAMS TO TRANSFORM INDUSTRIAL STRUCTURE WHICH HE STATES ARE "BEING IMPLEMENTED MOSTLY IN ACCORDANCE WITH PALNS."

6. DURING NEXT 5-YEAR PLAN ONE OF MOST IMPORTANT PROJECTS WILL BE DEALING WITH HUNGARY'S ENERGY PROBLEM. FOCK OBSERVES THAT BY END OF FIFTH 5-YEAR PLAN PERIOD FIRST ATOMIC POWER PLANT UNIT IN HUNGARY -- 440 MW REACTOR AT PAKS -- WILL BE IN OPERATION AND THAT ATOMIC POWER PLANT CAPACITY WILL BE RAISED TO TEN TIMES THIS LEVEL BY 1990. WHAT IS NEEDED ABOVE ALL IS THAT ATTENTION BE GIVEN TO MORE INTENSIVE USE OF DOMESTIC SOURCES OF ENERGY. DOMESTIC COAL PRODUCTION MUST BE STEPPED UP WITH FURTHER DEVELOPMENT OF EXISTING MINES AND EXPLOITATION OF NEW ONES. STRIP MINING SHOULD BE INCREASED AND AN ADDITIONAL 2,000 MW POWER PLANT WILL BE BUILT TO UTILIZE STRIP-MINED LIGNITE IN VICINITY OF BUKKABARNY.

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

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INFO AMEMBASSY BELGRADE

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7. COMMENT: FOCK'S UNUSUALLY STRONG WORDS TO PARTY CONGRESS ABOUT HIS SUBORDINATES IN COUNCIL OF MINISTERS AND CRITICISM OF HIS OWN PERFORMANCE REPRESENTS CONFIRMATION OF EARLIER REPORTS TO EFFECT THAT FOCK HAS BEEN UNDER SUCH GREAT PRESSURE OF LATE THAT HIS REMOVAL AS PRIME MINISTER UNDER CONSIDERATION. FOCK'S SPEECH AND REMARKS IN OTHER CONGRESS SPEECHES TO EFFECT THAT GOVERNMENT SUPERVISION OF EXECUTION OF ECONOMIC POLICY INADEQUATE, SUGGEST THAT CHANGES IN COUNCIL OF MINISTERS MAY BE IN ODDING. IT STILL NOT CLEAR, HOWEVER, WHETHER FOCK HIMSELF WILL STAY OR GO. HIS OUTSPOKEN REMARKS COULD REPRESENT HIS SWAN SONG AS PRIME MINISTER. AT SAME TIME, HOWEVER, HIS COMMENTS MAY HAVE ALSO BEEN INTENDED TO SERVE NOTICE THAT HE HAS NOW RECEIVED A MANDATE FOR A NEW GET TOUGH POLICY AND IN NEAR FUTURE WILL BE DEALING WITH THOSE MINISTERIAL LEADERS GUILTY

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OF "PORTFOLIO CHAUVINISM." (ONE REPORT WE HAVE HEARD FROM SEVERAL SOURCES IS THAT FOCK AND TIMAR DO NOT GET ALONG. FOCK REGARDS TIMAR AS COMPETENT BUT LAZY; TIMAR REGARDS FOCK AS AGGRESSIVE AND UNCOMPROMISING. TIMAR REPORTEDLY WILL REPLACE LASZLO AS HEAD NATIONAL BANK.) WE TEND TO FAVOR LATTER POSSIBILITY. HIS COOPTION TO POLITBURO MARCH 21 WOULD NOT CONSTITUTE CONFIRMATION THIS VIEW. UNLIKELY WE

WE WILL GET FINAL ANSWER UNTIL SPRING SESSION OF PARLIAMENT, WHICH IS NORMAL TIME FOR SELECTION OF PRIME MINISTER, AND NEW GOVERNMENT. NO MATTER WHAT HAPPENS TO FOCK, COUNCIL OF MINISTERS ROLE IN DIRECTING AND COORDINATING EXECUTION OF ECONOMIC POLICY IS CERTAIN TO BECOME A MORE ACTIVE AND VIGOROUS ONE. TENDENCY OF INDIVIDUAL MINISTRIES TO PUSH PROJECTS IN THEIR OWN AREAS WITH ONLY MINIMAL REGARD FOR OVERALL INTEREST OF ECONOMY HAVE CLEARLY BEEN JUDGED TO BE A LUXURY WHICH HUNGARY, GIVEN CURRENT STRAINS ON ITS ECONOMIC RESOURCES, CANNOT AFFORD.

8. RE OMISSION OF MOST OUTSPOKEN OF FOCK'S REMARKS FROM VERSION OF SPEECH PUBLISHED IN LOCAL PRESS, EMBASSY BELIEVES THIS STEMS PRIMARILY FROM DESIRE TO AVOID EMBARRASSING PUBLIC CRITICISM OF GOVERNMENT. FULL VERSION OF SPEECH TRANSMITTED ON HUNGARIAN TV AND PICKED UP BY

FBIS APPARENTLY BEFORE CENSORS ABLE TO DELETE CONTROVERSIAL
REMAKRS.
PEDERSEN

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